

Annual Report for 1954

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Officers

EBERHARD ANHEUSER <i>Chairman of Board</i>
AUGUST A. BUSCH, JR. <i>President</i>
A. VON GONTARD <i>Vice-President</i>
JOHN L. WILSON <i>Vice-President</i>
F. H. SCHWAIGER <i>Vice-President</i>
ADOLPH B. ORTHWEIN <i>Vice-President</i>
RICHARD A. MEYER <i>Vice-President</i>
J. E. BARSI <i>Vice-President</i>
JOHN FLANIGAN <i>Vice-President</i>
EDWIN KALBFLEISH <i>Controller</i>
K. SIEBERT <i>Secretary</i>
REID McCURM <i>Treasurer</i>
C. E. EHRHARDT <i>Assistant Controller</i>
J. E. RITTER <i>Assistant Secretary</i>
E. T. MOBERG <i>Assistant Treasurer</i>

ANNUAL REPORT TO STOCKHOLDERS



DEBENTURES

(Trustee, Registrar and Paying Agent)

MANUFACTURERS TRUST COMPANY
55 Broad Street,
New York 15, New York

EXECUTIVE COMMITTEE

EBERHARD ANHEUSER
AUGUST A. BUSCH, JR.
DAVID R. CALHOUN, JR.
A. VON GONTARD
H. NORRIS LOVE
PERCY J. ORTHWEIN
JOHN L. WILSON

STOCK TRANSFER AGENTS

ST. LOUIS UNION TRUST COMPANY
323 North Broadway
St. Louis 2, Missouri

MANUFACTURERS TRUST COMPANY
55 Broad Street
New York 15, New York

STOCK REGISTRARS

MERCANTILE TRUST COMPANY
721 Locust Street
St. Louis 1, Missouri

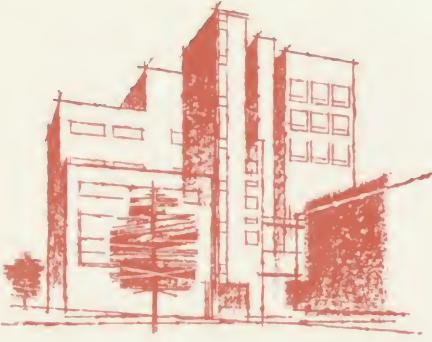
GUARANTY TRUST COMPANY OF NEW YORK
140 Broadway
New York 15, N. Y.

Directors

EBERHARD ANHEUSER
WILLIAM S. ANHEUSER
AUGUST A. BUSCH, JR.
DAVID R. CALHOUN, JR.
JOHN FLANIGAN
A. VON GONTARD
ANDREW W. JOHNSON
H. NORRIS LOVE
PERCY J. ORTHWEIN
CURT H. REISINGER
ETHAN A. H. SHEPLEY
JOHN L. WILSON

ANNUAL MEETING

The annual meeting of the shareholders of the company will be held on Wednesday, April 13, 1955, at 10:00 A.M. A notice of that meeting and proxies on behalf of the management will be sent to the shareholders on or about March 22, 1955.



LOS ANGELES

Construction of the brewery, on a 65-acre tract of land in the San Fernando Valley in Los Angeles County, was started with the ground breaking ceremony on December 17, 1952. The first beer was brewed on February 20, 1954, and the first shipment of beer was made on May 17, 1954. The annual shipping capacity is 1,000,000 barrels.



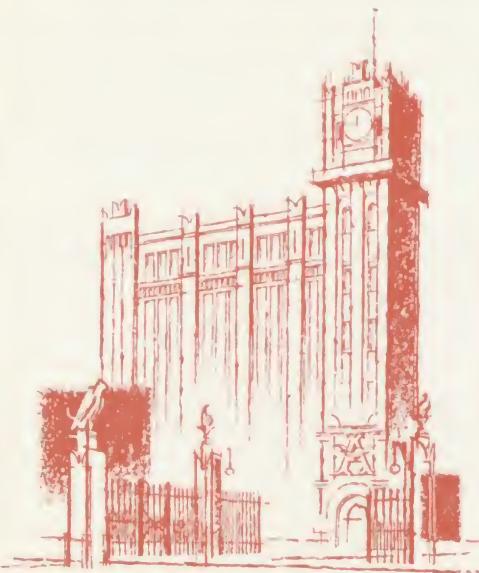
NEWARK

Construction of the brewery, on a 51-acre tract of land across from the Newark Airport on U. S. Highway One, was started on February 13, 1950, and the first shipment of beer was made on June 4, 1951; its annual shipping capacity was 1,350,000 barrels. On July 10, 1952, construction was started on addition to increase the annual shipping capacity to 1,800,000 barrels. The addition was completed and beer shipments started in June, 1953.

... the year at a glance.

FINANCIAL

	In Thousands		
	1954	1953	1952
Barrels of beer sold	5,829	6,711	6,034
Net sales (incl. beer taxes)	\$276,567	\$306,861	\$271,589
All taxes	77,991	95,099	84,779
All other costs and expenses	185,823	198,530	174,780
Earnings	12,753	13,232	12,030
Per share (new basis)	2.65	2.75	2.50
Capital structure	\$146,070	\$140,496	\$132,953
Ratio long term debt to net worth	29%	33%	36%
Percent capital structure invested in:			
Working capital	28%	30%	40%
Net property	67%	66%	58%
Other assets	5%	4%	2%



*The
President's
Review of
The Year*



To the Shareholders of Anheuers-Busch, Incorporated:

Having regained leadership in the brewing industry in 1953, Anheuser-Busch retained the leadership in 1954 with sales of 5,828,760 barrels. This volume represented 7% of the industry sales. Despite a decrease in 1954 volume of 882,462 barrels, the company's share of the total beer sold decreased only .8 of 1% from its 1953 share of industry sales. Industry sales for 1954 were 83,292,707 barrels, a decrease of 3.2% from 1953.

Sales volume and profits of the yeast-malt-corn products and refrigerated cabinet divisions were very satisfactory.

While the volume and profits of the brewery division were not as good as expected, the trend toward better economic conditions that started late in 1954 should bring more favorable conditions during 1955 for the brewing industry and your company.

Net sales were \$215,923,245 as compared with \$237,003,969 in 1953, a decrease of 9%. Earnings were \$12,752,975 (\$2.71 per share old basis, \$2.65 per share new basis) versus \$13,232,549 (\$2.82 per share old basis, \$2.75 per share new basis), a decrease of \$479,574, about ten cents per share on the 4,816,218 shares outstanding at December 31, 1954.

Beer sales of 5,828,760 barrels include export sales of 265,361 barrels. Approximately three-fourths of the beer sold in 1954, measured in barrels, reached retail channels through some 800 direct distributors who cover over 940 marketing areas. The remaining markets, principally large metropolitan cities, were served by company-owned branches. Packaged beer sales were 81.6% of total volume, with 49.5% of packaged beer sold in cans and non-returnable bottles. Cans accounted for 39% of the total packaged beer volume.

On Tuesday, February 15, 1955, the company produced its 75-millionth barrel of beer since relegalization in April 1933.

Cash dividend of \$1.20 per share was paid in 1954. In addition, a 2½% dividend in shares of capital stock of the corporation was distributed on December 30th. The value of the dividend was fixed by resolution of the Board of Directors at \$26.00 per share; \$4.00 per share was transferred from earned surplus to the capital stock account, and \$22.00 per share was transferred from earned surplus to the capital surplus account. The stock dividend represented a cash value of 65c per share.

OPERATIONS

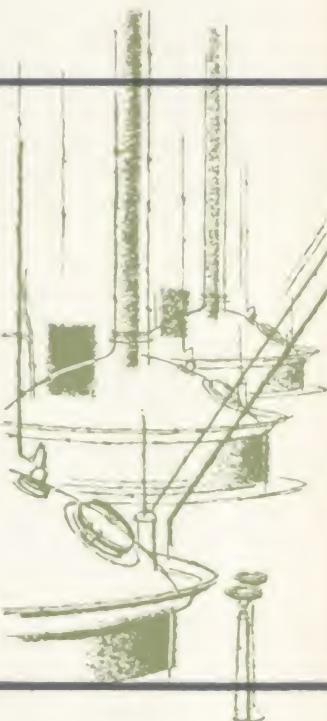
A condensed summary of consolidated income for the last two years, as shown on page 12, shows the changes that took place during 1954.

	1954	1953	Change
Net sales	\$215,923,245	\$237,003,969	\$21,080,724
Percent of decrease			8.9%
Cost of doing business	188,691,831	200,926,056	12,234,225
Percent of decrease			6.1%
Income before taxes	27,231,414	36,077,913	8,846,499
Percent of decrease			24.5%
Income tax provision	14,478,439	22,845,364	8,366,925
Percent of decrease			36.6%
Earnings	12,752,975	13,232,549	479,574
Percent of decrease			3.6%

Brewery division sales accounted for 85% of the company's net sales and for a higher percentage of its earnings.

The following presentation sets out the funds provided from operations and other corporate activities and their disposition during the year; bookkeeping entries that affected profits but did not require an outlay of cash have been eliminated. It summarizes the transactions that caused the decrease of \$8,899,554 in the company's treasury position comprising cash, government bonds, and marketable securities:

OUR FUNDS CAME FROM:	
Collected from customers, tenants and others	\$286,968,268
Purchase discounts, interest, claims, etc.	963,877
Proceeds from sale of property	78,910
Total	\$288,011,055
THE FUNDS WERE USED FOR:	
Production and distribution of products	\$183,148,720
Beer taxes	60,643,393
Administration, research, collection of rents, and employees' benefits	8,989,844
Reduction in payables	653,329
Income taxes paid	22,663,439
Interest paid	1,199,455
Increase in investment in St. Louis Cardinals	570,500
Cash dividends paid	5,638,500
Capital expenditures:	
St. Louis, Beer Branches, etc.	4,035,206
Busch Stadium	932,343
Newark	869,235
Los Angeles	7,566,645
Decrease in Treasury Position	\$ 8,899,554



SALES DOLLAR

The 1954 total revenue from all sources, as reflected in the operating accounts, was \$290,079,000 compared with \$321,475,000 in 1953. The amount reinvested in 1954 was \$7,114,000 compared with \$7,862,000 last year. Comparison of the changes in the analysis of the company's sales dollar for each of the past four years is shown below.

	In Thousands			
	1954	1953	1952	1951
To employees for salaries and wages	\$ 49,415	\$ 49,629	\$ 42,535	\$ 39,175
For employees' retirement, group life, and welfare benefits	3,299	3,787	3,626	2,677
For materials and supplies	98,818	114,201	102,270	92,111
For transportation	8,659	9,153	8,636	8,731
To government for taxes	77,991	95,099	84,779	65,866
For preservation and restoration of property (depreciation and repairs)	9,154	8,843	7,374	6,623
For all other costs and expenses	29,990	27,531	22,986	20,307
Total costs and expenses	\$277,326	\$308,243	\$272,206	\$235,490
Cash dividends paid to shareholders	5,639	5,370	5,370	5,385
Earnings retained	7,114	7,862	6,660	5,391
Sales dollar	\$290,079	\$321,475	\$284,236	\$246,266

TAXES

On January 1st the 30% excess profits tax on corporations was removed, which resulted in a substantial reduction in the company's income tax liability as compared with the previous year. The total taxes paid in 1954 (not including the many hidden taxes included in materials and services purchased) amounted to \$77,991,452. Direct taxes paid during the last three years were:



	In Thousands		
	1954	1953	1952
Federal and state excise tax on beer	\$60,643	\$69,976	\$63,345
Federal and state income taxes	14,478	22,845	19,345
State and local franchise, property, and business taxes	2,040	1,493	1,407
Payroll taxes paid for benefit of employees—FICA retirement and unemployment compensation	830	785	682
Total	\$77,991	\$95,099	\$84,779
Per share (new basis)	16.19	19.75	17.60

PROPERTY

Since the end of World War II the company has invested \$106,892,000 in new breweries, replacements and renewals, and plant expansion for beer and other products. The Los Angeles brewery was completed in 1954; brewing operations started on February 20th, and the first shipment of beer was made on May 17th.

The schedule of capital expenditures does not include the new beer branches at Cambridge, Mass., and Brooklyn which were built under sell-lease back agreements.

	In Thousands		
	Total	Plant	Cooperage, Wood Cases and Drums
January 1, 1933 to start of World War II (1941)	\$ 23,578	\$ 16,911	\$ 6,667
World War II (1942-1945)	8,763	5,083	3,680
Pre-Korea (1946-1949) - adjusted	33,402	26,817	6,585
Korean War (1950-1952) - adjusted	45,709	44,801	908
1953 - adjusted	21,873	21,873	
1954	13,403	13,401	2
Total	\$146,728	\$128,886	\$17,842

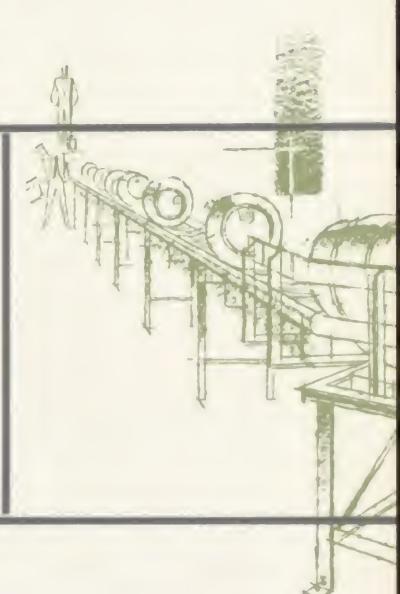
Budweiser and Michelob draught beer is shipped in stainless steel half-barrels, and the company is required to maintain an ownership of more than 370,000 packages to supply the demand for its product. The investment in these containers represented a cash expenditure of \$8,131,000, and the company recovered \$7,769,000 of this outlay through depreciation at December 31, 1954.

DEBENTURES

On October 1, 1952, the company made its first public offering of securities . . . \$35,000,000, 3 $\frac{3}{8}$ % Debentures, due October 1, 1977. The securities are listed on the New York Stock Exchange.

Commencing October 1, 1954, and on each April 1 and October 1 thereafter, to and including April 1, 1977, the company will retire through the Sinking Fund \$745,000 principal amount of Debentures. The company, at its option, may redeem through the Sinking Fund, on any Sinking Fund date, an additional amount of Debentures up to but not exceeding the amount required to be retired on such date.

Manufacturers Trust Company, 55 Broad Street, New York City, is the Trustee and Paying Agent under the Indenture. Manufacturers Trust Company is also the Registrar for the registration of the Debentures.

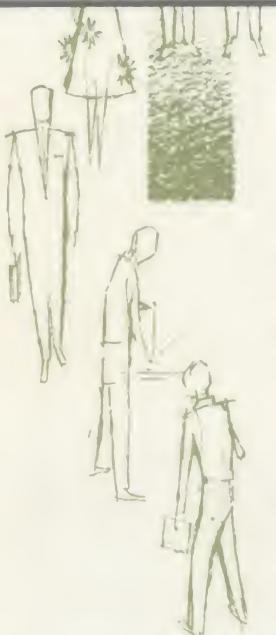




SHAREHOLDERS

Anheuser-Busch, Incorporated, has shareholders in all but one state of the union and several foreign countries. At the close of the year, the registered shareholders numbered 9,542; the holdings were well diversified.

	Number of Holders of Record
Men	3,208
Women	2,903
Joint Names	2,831
Fiduciaries	236
Institutions and Foundations	15
Stock Brokers and Security Dealers	49
Other	300
Total	9,542



EMPLOYEE RELATIONS

At December 31, 1954, employment was 7,975 and total payroll cost for the year was \$53,543,556. Salary and wage payments to employees (including paid vacations and holidays) amounted to \$49,415,500; retirement, group life insurance, and welfare benefit payments by the company, and the company's portion of payroll taxes under Federal Insurance Contributions Act retirement fund and for unemployment compensation for the benefit of employees aggregated \$4,128,056. During 1955, some 12% of our employees will enjoy a 4-weeks' vacation with pay; 36%, 3 weeks with pay; 41%, 2 weeks with pay; and 8%, 1 week with pay.

On November 1, 1947 the company formalized and instituted a group life insurance and welfare benefits plan for all its employees; since January 1, 1950, the company has assumed the entire cost of the plan. Benefits paid to employees and their dependents for the seven policy years ended October 31, 1954 aggregated \$4,331,779.

	Number of Claims	Benefits Paid
Death	488	\$1,661,500
Accident and sickness	9,379	746,997
Medical care	7,207	139,755
Hospitalization	14,178	1,192,699
Surgical	11,015	590,828
Total	42,267	\$4,331,779

A retirement income plan for all employees has been in effect since November 1, 1947.

There was a 14-day work stoppage at Newark from June 29th to July 12th. Negotiations resulted in an amicable settlement and beer shipments were resumed on the latter date.

FARM PRODUCTS

The brewing industry is vitally interested in the prosperity of the farmer since farm products represent the basic materials used in the production of beer.

The industry is likewise interested in the balance of crop production to beer production; serious over-production of grains used in making beer could reduce prices below cost of production to farmers . . . serious under-production would affect not only beer production, but the output of manufacturers in every state of the Union.

This year Anheuser-Busch paid out \$32,445,000 for farm products . . . barley, malt, rice and hops for Budweiser and Michelob, corn and molasses for yeast-malt-corn products division. Processing of these grains produced some 84,000 tons of by-products which were returned to the farmers as feed.

For the brewing of Budweiser and Michelob beers, farm products valued at \$22,628,000 were purchased, and 33,000 tons of high protein feed were produced in the processing of these grains.

2,095,000 bushels Hannchen barley	\$ 4,197,000
3,851,000 bushels barley malt	8,224,000
3,697,000 pounds imported hops	3,079,000
1,286,000 pounds domestic hops	695,000
48,000 tons brewers rice	6,433,000
Total value of brewing materials purchased	<u>\$22,628,000</u>

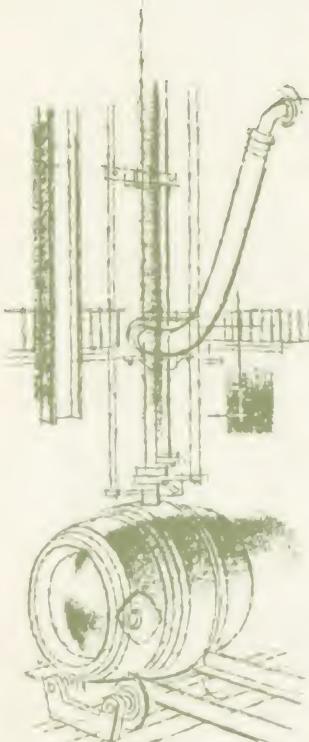
Anheuser-Busch is one of the few breweries using rice exclusively as an adjunct to barley malt. Residual grains, a by-product of malting and brewing, sold for farm feeding during 1954 were:

Brewers dried grains	28,200 tons
Barley screenings and No. 4 barley	3,000 tons
Malt sprouts	2,100 tons

The corn products operations required the purchase of 5,783,000 bushels of corn valued at \$9,348,000. After the starch has been extracted from the grain, a large tonnage of corn oil, gluten feed, and cake meals is produced as a by-product. Gluten feed and cake meal, high protein feeds, 45,000 tons were returned to the farms for feeding.

Molasses purchases for production of bakers compressed yeast and other products ran to 16,800 tons valued at \$468,000.





RESEARCH

The activities of the central research department are primarily devoted to the development of new products and the improvement of present products and processes. During the year, the laboratory discovered a formula that resulted in a profitable feed by-product from our corn products operation. A new process was developed for the production of Vitamin B₁₂ from our plant by-products, and new starch products for use in the food and textile fields were discovered. It also gives special technical assistance to the sales and production departments.

The brewery research laboratory is devoted exclusively to research work to improve the product and the brewing, ageing, and packaging processes of Budweiser and Michelob. The goal is to give to the consumer the best-tasting, brewery-fresh beer in the world.

ST. LOUIS CARDINALS

The company is continuing its determined efforts to build the Cardinals into a championship contender.

The prospects for 1955 are good. The Cardinals figure to be one of the most interesting teams in the major leagues. A number of promising minor league players should provide important new strength in the coming season, along with players acquired in off-season trades.

The Busch Stadium rehabilitation and building program was completed just before the start of the 1954 season. The new appearance and comforts of the stadium are considered an important factor in the outstanding home attendance last season. The Cardinals drew 1,039,698 to rank third in the National League. It was only the seventh time in the history of the ball club that it had drawn more than one million paid fans. It was only the second time this had been accomplished with the team finishing below third place in the pennant race.

In December, there was a significant realignment in our minor league organization. The franchise at Columbus, Ohio, in the Class AAA American Association, was transferred to Omaha, Nebraska, and the property in Columbus, including the stadium, was sold to a group of Columbus businessmen. The Omaha franchise (Class A Western League) was given up, and the Hamilton, Ontario, club was sold. These changes should materially improve minor league operations.

1955 PLANS

Your management faces the new year with optimism about the future. The advertising program has been expanded and will include a sizeable appropriation for television covering all major television markets; selling efforts will likewise be intensified.

The new packages added to the line . . . the 10-ounce returnable and non-returnable bottles, and cans; the fifth returnable and non-returnable bottles; and the 16-ounce can are expected to make a substantial contribution to 1955 beer volume.

Sales forecast for the yeast-malt-corn products division and the refrigerated cabinet division indicate gains in volume consistent with the economic improvement in the last few months.

MANAGEMENT CHANGES

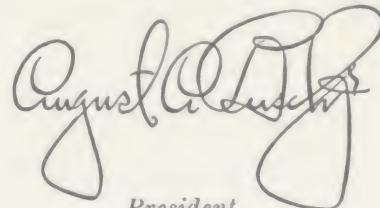
Mr. Horace C. Flanigan, who served well and faithfully as a director of your company since June 25, 1935, was not re-elected at his request because of his many other business interests. His son, Mr. John Flanigan, was elected to serve as a director in his stead.

Two new vice-presidents were elected; Mr. James E. Barsi, sales manager of the brewery division, and Mr. John Flanigan, regional manager of the Mountain and Pacific Region. Mr. R. W. Upshaw, vice-president in charge of labor relations, retired on December 31, 1954, after more than twenty-nine years of service, over eleven of which he served as an officer of the company. Mr. Richard A. Meyer took over Mr. Upshaw's duties.

CONCLUSION

On behalf of our Board of Directors and the management, may I express our appreciation to our consumer, wholesaler and retailer friends everywhere for their loyal support . . . to our employees for the splendid services they rendered the company, and a special word of thanks to our shareholders for their fine and deeply valued co-operation during the past year.

Respectfully submitted,



A handwritten signature in cursive ink, appearing to read "August A. Busch III".

President

St. Louis, Missouri, March 17, 1955

Consolidated Balance Sheet

December 31, 1954 and 1953 and comparison



Assets

CURRENT ASSETS:

	. . . December 31 . . .	Increase Decrease
	1954	1953
Cash.....	\$ 19,773,495	\$ 11,716,696
United States Government Securities—at cost	5,583,526	4,889,879
Accounts and notes receivable:		
Trade (less reserves: 1954, \$285,805; 1953, \$284,048).....	8,503,677	7,133,261
Other.....	406,024	345,815
• Accrued interest receivable.....	190,656	302,600
Advance on purchase commitments.....		717,020
Revenue stamps.....	1,464,134	2,156,836
Inventories (valued at cost which is not in excess of market, cost being determined under the "last-in, first-out" method as to approximately 56% of the total inventory valuation at December 31, 1954—51% at December 31, 1953—and under the average cost method as to the remainder).....		924,070
23,941,457	23,017,387	924,070
Total current assets.....	<u>\$ 59,862,969</u>	<u>\$ 50,279,494</u>
MISCELLANEOUS—NON-CURRENT ASSETS.....	<u>\$ 369,507</u>	<u>\$ 298,894</u>
INVESTMENT IN AND ADVANCES TO ST. LOUIS NATIONAL BASEBALL CLUB, INC.....	<u>\$ 4,375,061</u>	<u>\$ 3,804,561</u>
PROPERTY:		
Plant and branch property—at cost (less reserve for depreciation: 1954, \$39,627,651; 1953, \$34,447,306).....	\$ 93,055,499	\$ 75,112,809
Construction in progress.....	2,200,538	14,798,570
Real estate, other than plant property—at cost (less reserve for depreciation: 1954, \$698,745; 1953, \$518,509).....	2,615,144	1,674,434
Cooperage—at cost (less reserve for depreciation: 1954, \$7,808,154; 1953, \$7,491,057).....	363,999	694,224
Net property.....	<u>\$ 98,235,180</u>	<u>\$ 92,280,037</u>
DEFERRED CHARGES.....	<u>\$ 2,718,358</u>	<u>\$ 2,407,583</u>
TOTAL.....	<u><u>\$165,561,075</u></u>	<u><u>\$149,070,569</u></u>
		<u><u>\$ 16,490,506</u></u>

NOTES: 1. The Company is contingently liable in respect of various lawsuits. While the ultimate outcome of these suits cannot be determined at this time, in the opinion of management, it is unlikely that they would have a material effect on the Company's financial position.



ANHEUSER-BUSCH, INCORPORATED

and subsidiaries

Liabilities

CURRENT LIABILITIES:

	. . . December 31 . . .		Increase <i>Decrease</i>
	1954	1953	
Instalments of debentures and mortgage loan	\$ 1,540,000	\$ 785,000	\$ 755,000
Accounts payable	5,115,563	4,983,892	131,671
Miscellaneous taxes and expenses	1,823,526	1,222,332	601,194
Accrued salaries and wages	1,246,708	1,283,542	36,834
Income taxes—estimated:			
Federal (after deduction of United States Government securities: 1954, \$5,000,000; 1953, \$22,650,000)	9,515,000	Nil	9,515,000
State	<u>250,000</u>	<u>300,000</u>	<u>50,000</u>
Total current liabilities	<u>\$ 19,490,797</u>	<u>\$ 8,574,766</u>	<u>\$ 10,916,031</u>

LONG TERM OBLIGATIONS:

3½% debentures maturing from 1956 to 1977	\$ 32,765,000	\$ 34,255,000	\$ 1,490,000
Mortgage loan, 4½%, maturing in instalments from 1956 to 1961	<u>375,000</u>	<u>425,000</u>	<u>50,000</u>
Total long term obligations	<u>\$ 33,140,000</u>	<u>\$ 34,680,000</u>	<u>\$ 1,540,000</u>

CAPITAL STOCK AND SURPLUS:

Common stock—authorized, 6,000,000 shares of \$4 each; issued: 1954, 4,843,125; 1953, 4,725,000	\$ 19,372,500	\$ 18,900,000	\$ 472,500
Capital surplus	<u>8,289,937</u>	<u>5,705,625</u>	<u>2,584,312</u>
Earned surplus (\$56,000,444 restricted as to payment of dividends under Indenture relating to 3½% Debentures)	<u>85,866,216</u>	<u>81,808,553</u>	<u>4,057,663</u>
Total	<u>\$113,528,653</u>	<u>\$106,414,178</u>	<u>\$ 7,114,475</u>

Less cost of treasury stock—26,907 shares at December 31, 1954 (16,144 shares reserved under an option agreement with an officer)

Capital stock outstanding (4,816,218 shares at December 31, 1954) and surplus

TOTAL

<u>598,375</u>	<u>598,375</u>	
<u>\$112,930,278</u>	<u>\$105,815,803</u>	<u>\$ 7,114,475</u>
<u>\$165,561,075</u>	<u>\$149,070,569</u>	<u>\$ 16,490,506</u>

2. The companies adopted, for accounting and tax purposes, the "sum of the years' digits" method of calculating the provision for depreciation for assets purchased after December 31, 1953. This change in method resulted in an additional charge to income in 1954 of approximately \$290,000.



Statement of Consolidated Income

For the Years Ended December 31, 1954 and 1953, and Comparison

	Year Ended December 31		Increase <i>Decrease</i>
	1954	1953	
SALES, LESS FREIGHT, DISCOUNTS, AND ALLOWANCES	\$276,566,638	\$306,861,683	\$ 30,295,045
DEDUCT—Federal and State beer taxes	60,643,393	69,857,714	9,214,321
NET SALES	\$215,923,245	\$237,003,969	\$ 21,080,724
COST OF SALES	143,763,321	158,929,931	15,166,610
GROSS PROFIT ON SALES	\$ 72,159,924	\$ 78,074,038	\$ 5,914,114
OPERATING EXPENSES:			
Advertising, selling, and delivery	35,961,522	31,001,452	4,960,070
General and administrative, and research	4,975,947	6,694,758	1,718,811
Employees' retirement and group welfare benefits expenses	3,298,660	3,787,075	488,415
Total	\$ 44,236,129	\$ 41,483,285	\$ 2,752,844
PROFIT FROM OPERATIONS	\$ 27,923,795	\$ 36,590,753	\$ 8,666,958
OTHER INCOME:			
Interest and dividends	359,538	467,811	108,273
Cash discounts on purchases	443,239	534,098	90,859
Income from rentals—net	139,796	61,209	78,587
Miscellaneous	120,969	75,794	45,175
Total	\$ 1,063,542	\$ 1,138,912	\$ 75,370
GROSS INCOME	\$ 28,987,337	\$ 37,729,665	\$ 8,742,328
INCOME CHARGES:			
Interest expense	1,199,455	1,197,342	2,113
Busch Stadium expenses in excess of rentals	410,587	297,603	112,984
Net loss on sale or abandonment of property	94,477	84,389	10,088
Miscellaneous	51,404	72,418	21,014
Total	\$ 1,755,923	\$ 1,651,752	\$ 104,171
NET INCOME BEFORE PROVISION FOR INCOME TAXES	\$ 27,231,414	\$ 36,077,913	\$ 8,846,499
PROVISION FOR INCOME TAXES:			
Normal and surtax	14,478,439	19,076,973	4,598,534
Excess profits tax	3,768,391		3,768,391
Total	\$ 14,478,439	\$ 22,845,364	\$ 8,366,925
*NET INCOME FOR THE YEAR	\$ 12,752,975	\$ 13,232,549	\$ 479,574
*PROVISION FOR DEPRECIATION	\$ 6,427,030	\$ 5,607,631	\$ 819,399

*See Note 2 to the balance sheet.

Statement of Consolidated Surplus

	Earned Surplus	Capital Surplus
BALANCE, JANUARY 1, 1954	\$ 81,808,553	\$ 5,705,625
ADD:		
Net income for the year	12,752,975	
Excess of amount charged to earned surplus over par value in respect of a 2½% stock dividend		2,584,312
Total	\$ 94,561,528	\$ 8,289,937
DEDUCT DIVIDENDS:		
Cash—\$1.20 a share	5,638,500	
Stock (2½% or 118,125 shares)	3,056,812	
Total	\$ 8,695,312	
BALANCE, DECEMBER 31, 1954	\$ 85,866,216	\$ 8,289,937

BOATMEN'S BANK BUILDING
SAINT LOUIS 2

Anheuser-Busch, Incorporated:

We have examined the consolidated balance sheet of Anheuser-Busch, Incorporated and its subsidiaries as of December 31, 1954 and the related statements of consolidated income and surplus for the year then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion, the accompanying consolidated balance sheet and statements of consolidated income and surplus present fairly the financial position of the companies at December 31, 1954 and the results of their operations for the year then ended, in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding year, except that the companies, with our approval, changed their practice with respect to the method of calculating the provision for depreciation as explained in Note 2 on the balance sheet.

Haskins + Sells

February 21, 1955.



Statement of Financial Condition

10-YEAR SUMMARY FOR THE CALENDAR YEARS ENDED DECEMBER 31

Assets

1945

1946

1947

1948

1949

1950

1951

1952

1953

1954

CURRENT ASSETS:

Cash.....	\$ 19,773,495	\$ 11,716,696	\$ 20,105,699	\$ 12,805,120	\$ 6,596,747	\$ 6,054,536	\$ 6,933,935	\$ 5,070,833	\$ 6,285,154	\$ 5,185,466
United States Government Securities — at cost (in addition to those deducted from Federal income taxes).	5,583,526	4,889,879	5,523,588	549,750	991,600	5,979,600	8,023,600	8,284,600	5,953,600	4,652,567
Other marketable securities.....	9,100,357	7,781,676	9,726,364	8,418,405	8,983,290	5,752,096	5,745,253	4,778,176	3,703,283	3,273,924
Revenue stamps and tax-paid crowns and lids.....	1,464,134	2,156,836	1,727,225	2,027,255	1,464,259	2,178,524	1,161,651	980,465	1,088,306	760,352
Advance on purchase commitments.....	23,941,457	717,020	23,094,085	27,219,628	18,551,602	17,655,740	16,806,498	13,995,182	11,638,021	11,442,025
Inventories.....										
Total current assets.....	\$ 59,862,969	\$ 50,279,494	\$ 64,116,850	\$ 51,020,158	\$ 36,587,498	\$ 37,620,496	\$ 38,670,937	\$ 33,089,256	\$ 28,668,364	\$ 25,314,334

OTHER ASSETS:

Capital expenditure fund.....								\$ 2,519,496	\$ 8,813,196	\$ 8,543,302
Miscellaneous non-current assets.....	369,507	\$ 298,894	\$ 272,121	\$ 169,575	\$ 375,750	\$ 386,753	\$ 309,440	\$ 153,494	\$ 224,578	\$ 464,573
Total other assets.....	\$ 369,507	\$ 298,894	\$ 272,121	\$ 169,575	\$ 375,750	\$ 386,753	\$ 309,440	\$ 2,672,990	\$ 9,037,774	\$ 9,007,875

INVESTMENT IN AND ADVANCES TO
ST. LOUIS NATIONAL BASEBALL CLUB,
INC. \$ 4,375,061 \$ 3,804,561

PROPERTY (Depreciated value):

Plant and branch property.....	\$ 93,055,499	\$ 75,112,809	\$ 71,086,215	\$ 69,382,748	\$ 41,137,969	\$ 37,104,254	\$ 30,814,429	\$ 21,900,684	\$ 20,591,336	\$ 21,041,844
Construction in progress.....	2,200,338	14,798,570	3,614,727	2,870,218	13,916,183	3,681,951	1,0570,820	9,310,339	6,136,816	3,440,212
Real estate other than plant property.	2,615,144	1,674,434	614,571	932,562	1,016,072	1,214,941	1,436,025	1,468,388	1,174,801	1,188,865
Cooperage and drums.....	363,999	694,224	1,440,533	2,613,949	3,436,602	4,063,413	4,377,810	4,173,548	1,841,506	1,194,382
Net property.....	\$ 98,235,180	\$ 92,280,037	\$ 76,756,046	\$ 75,799,477	\$ 59,506,826	\$ 46,064,559	\$ 47,199,084	\$ 36,852,959	\$ 29,744,459	\$ 26,865,303
DEFERRED CHARGES.....	\$ 2,718,358	\$ 2,407,583	\$ 2,308,546	\$ 2,255,776	\$ 1,959,470	\$ 2,024,110	\$ 1,068,881	\$ 857,064	\$ 402,190	\$ 398,145
TOTAL.....	\$ 165,561,075	\$ 149,070,569	\$ 143,453,563	\$ 129,244,986	\$ 98,429,544	\$ 86,095,918	\$ 87,248,342	\$ 73,472,269	\$ 67,852,787	\$ 61,585,657

Liabilities

1954 1953 1952 1951 1950 1949 1948 1947 1946 1945

CURRENT LIABILITIES:

Long term debt due in one year.....\$ 1,540,000	\$ 785,000								
Notes payable to banks.....		\$ 5,000,000							
Accounts payable and accrued expenses.....	8,185,797	7,489,766	\$ 7,620,309	7,862,795	\$ 6,152,455	\$ 5,183,541	\$ 4,221,014	\$ 5,151,904	\$ 4,325,401
Construction accounts payable.....							5,950,759	4,874,915	4,851,470
Income taxes.....	14,765,000	22,950,000	19,230,000	10,439,000	12,135,000	9,695,000	8,940,000	6,642,689	5,770,000
Tax notes.....	5,000,000	22,650,000	16,350,000	350,000	6,358,000	7,425,000	3,496,000	5,870,000	5,283,000
Total current liabilities.....\$ 19,490,797	\$ 8,574,766	\$ 10,500,309	\$ 22,951,795	\$ 11,929,455	\$ 7,443,541	\$ 15,615,773	\$ 10,799,508	\$ 9,663,871	\$ 8,293,274

LONG TERM OBLIGATIONS:

3½% debentures maturing from 1956 to 1977.....\$ 32,765,000	\$ 34,255,000	\$ 35,000,000							
Mortgage loan, 4½%, maturing from 1956 to 1961.....\$ 375,000	425,000		\$ 15,000,000						
Notes payable to banks.....			\$ 15,000,000						
Total long term obligations...\$ 33,140,000	\$ 34,680,000	\$ 35,000,000	\$ 15,000,000						

CAPITAL STOCK AND SURPLUS:

Common stock — shares authorized: 1953, 6,000,000; 1952, 4,500,000 —shares issued: 4,843,125 in 1954.	\$ 19,372,500	\$ 18,900,000	\$ 18,000,000	\$ 18,000,000	\$ 18,000,000	\$ 18,000,000	\$ 18,000,000	\$ 18,000,000	\$ 18,000,000
Surplus arising from appreciation....									
Capital surplus.....									
Earned surplus (\$56,000,444 restricted as to payment of dividends under debt indenture).....	85,866,216	81,808,553	80,551,629	73,891,566	68,500,089	60,652,377	48,854,906	39,895,098	35,411,253
Total.....\$ 113,528,653	\$ 106,414,178	\$ 98,551,629	\$ 91,891,566	\$ 86,500,089	\$ 78,652,377	\$ 71,832,569	\$ 62,672,761	\$ 58,188,916	\$ 53,292,383
Less cost of 26,907 shares of treasury stock (16,144 shares reserved under an option agreement with an officer).....									
Capital stock outstanding (4,816,218 shares in 1954).....\$ 112,930,278	\$ 105,815,803	\$ 97,953,254	\$ 91,293,191	\$ 86,500,089	\$ 78,652,377	\$ 71,632,569	\$ 62,672,761	\$ 58,188,916	\$ 53,292,383
Per share.....	23.45	21.97	20.34	18.96	17.96	16.33	14.87	13.01	12.08
TOTAL.....\$ 165,561,075	\$149,070,569	\$143,453,563	\$129,244,986	\$ 98,429,544	\$ 86,095,918	\$ 87,248,342	\$ 73,472,269	\$ 67,852,787	\$ 61,585,657

NOTES: 1. In accordance with a resolution of the Board of Directors, the property and related reserve for depreciation accounts were restated on the basis of cost as of January 1, 1949, and surplus arising from appreciation of plant property as of that date was eliminated. The Board also authorised a change in the accounting policy with respect to contractual obligations for equipment and construction; under the new policy liabilities with respect to equipment and construction will be recorded in the same manner as other accounts payable.
 2. Contractual obligations for equipment and construction amounted to \$1,786,000 at December 31, 1954.



*Sales, Income, Dividends,
Income Reinvested, Depreciation and Payrolls*

	Barrels	Net Sales	Income Before Taxes	Earnings	Shares Outstanding §	Dividends Paid Per Share	Earnings Reinvested	Depreciation Charged to Operations	Total Payroll
1933.....	607,000	\$15,049,833	\$ 457,251	\$ 325,529	180,000	\$ 3.00†		\$ 975,821	NA
1934.....	1,093,000	16,843,719	1,083,704	907,767	180,000	1.00	\$ 727,767	1,152,746	NA
1935.....	1,136,000	17,223,306	1,049,258	891,918	180,000	1.00†	486,918	1,207,543	\$ 5,576,000
1936.....	1,377,000	21,150,154	3,715,984	3,041,653	180,000	12.00	881,653	1,285,920	6,356,000
1937.....	1,840,000	33,311,896	5,771,871	4,164,245	180,000	8.00	2,724,245	1,249,768	8,250,000
1938.....	2,087,000	35,803,704	6,773,409	5,445,867	900,000	1.60	4,005,867	1,428,096	8,922,000
1939.....	2,306,000	39,397,379	8,667,745	7,013,250	900,000	3.50	3,863,250	1,518,393	9,532,000
1940.....	2,462,000	42,859,413	8,624,393	6,407,883	900,000	4.00	2,807,883	1,709,360	10,288,000
1941.....	3,090,000	55,945,667	12,774,685	6,780,492	900,000	5.00	2,280,492	2,011,846	12,163,000
1942.....	3,492,000	68,009,070	15,744,654	6,439,818	900,000	3.75	3,064,818	2,463,575	13,690,000
1943.....	3,569,000	74,752,235	14,614,373	6,081,789	900,000	4.75	1,806,789	2,448,032	16,177,000
1944.....	3,692,000	76,668,879	13,755,798	5,639,253	900,000	4.00	2,039,253	2,662,119	16,825,000
1945.....	3,529,000	76,153,543	12,726,620	5,613,605	900,000	4.00	2,013,605	2,922,451	17,871,000
1946.....	3,026,000*	75,229,683	13,814,970	8,461,311	900,000	5.00	3,961,311	2,109,559	18,191,000
1947.....	3,609,000	104,401,628	16,221,459	9,883,845	4,500,000	1.20	4,483,845	2,240,280	23,096,000
1948.....	4,042,000	122,848,790	21,999,072	13,459,808	4,500,000	1.00	8,959,808	2,716,100	25,951,000
1949.....	4,526,000	135,304,255	23,780,430	14,509,752	4,500,000	1.00	10,009,752	3,343,994	29,178,000
1950.....	4,889,000	151,565,906	24,893,941	13,247,712	4,500,000	1.20	7,847,712	3,872,468	33,690,000
1951.....	5,479,000	179,405,026	20,926,313	10,776,927	4,475,000	1.20	5,391,477	5,053,180	39,175,000
1952.....	6,034,000	208,155,695	31,375,205	12,030,063	4,475,000	1.20	6,660,063	5,391,292	42,535,000
1953.....	6,711,000	237,003,969	36,077,913	13,232,549	4,698,750	1.20†	7,862,549	5,607,631	49,629,000
1954.....	5,829,000	215,923,244	27,231,414	12,752,975	4,816,218	1.20†	7,114,475	6,427,030	49,415,000

*Presidential Order effective March 1st reduced quantity of grains used in brewing to 70% of 1945 usage. Reduction remained in effect until September 1st when usage was increased to 85%, restriction removed on December 1st.

§Shares outstanding at December 31st.

†In addition to cash dividend of \$1.20 per share paid in 1953 and 1954, a 5% dividend in shares of the corporation was distributed on December 30, 1953; and a 2½% dividend in shares of the corporation was distributed on December 30, 1954.

‡In addition to cash dividends of \$3.00 per share paid in 1933 and \$1.00 per share in 1935, there was a distribution of 18,000 shares of The Borden Company stock in 1933 and 9,000 shares of The Borden Company stock in 1935.



The Quality Products of Anheuser-Busch . . . BEER

Budweiser LAGER BEER

As You Like It . . .

Budweiser lager beer is available in returnable bottle cartons of 36/7-ounce, 24/10-ounce, 24/12-ounce, 12/fifths, and 12/quarts . . . in one-trip bottle cartons of 24/10-ounce, 24/12-ounce, 12/fifths, and 12/quarts . . . and in can cartons of 24/10-ounce, 24/12-ounce, 24/16-ounce, 48/10-ounce, and 48/12-ounce.

For the convenience of our customers one-trip bottles and cans are also available in 2-bottle carry-out cartons for the fifth and quart sizes . . . 6-bottle and 6-can handy packs for the 10-ounce and 12-ounce sizes . . . and convenient 4-can cartons for the 16-ounce size.

Draught beer is packaged in stainless steel half-barrels.



Michelob. DRAUGHT BEER

the "King of Draught Beers" . . . is available in draught only and packaged in stainless steel half-barrels.



BUDWEISER BAKER'S YEAST

Anheuser-Busch is the second largest producer of baker's yeast in the world. There are two yeast plants, one at St. Louis (1926) and the other at Old Bridge, N. J. (1931). Budweiser Yeast is used by the leading bakers of the country east of the Rocky Mountains. Packed 50 pounds to the carton.

The Quality Products of Anheuser-Busch PRODUCTS



BUD BRAND FROZEN EGGS

A complete line of high quality frozen eggs for baking and other food processors. Added to the line in 1947, Anheuser-Busch is now a major source of supply.



A-B ENRICHMENT WAFERS

Provide essential vitamins required in the making of "vitamin enriched" bread.



BUD BAKERS SYRUPS

Special syrups to improve flavor and texture of bread sweet goods, cracker, and cake products. A specialty product since 1940.

"CHIPS" AND D-S (DIASTATIC SUPPLEMENT)

These are dough conditioners. "Chips" are an enzyme in wafer form, and Diastatic Supplement is sold in powdered form.



A-B BAKING POWDER AND BAKERS CREAM

These products are used extensively as leaveners for all types of cake. Added to the line in 1951.



A-B YEAST FOOD

A regular item in the bakery products line since 1936. A yeast nutrient which also conditions the water and dough.



CORN SYRUP

Sold nationally in tank cars, tank trucks and drums.

Principal users—confectioners, syrup mixers, canners, bakers, and ice cream manufacturers.



The Quality Products of Anheuser-Busch PRODUCTS

STARCHES AND GUMS

Almost every item manufactured today requires starch in the process at one point or other. Principal industrial users are paper mills and textile mills. Largest users in the food field are bakers, confectioners, canners, and other manufacturers and processors.

DEXTRINES

Used almost exclusively for their adhesive characteristics. Our principal customers are adhesive manufacturers, paper mills, paper converters and foundries.



TABLE SYRUPS

Packed in New Orleans, Louisiana and sold through grocery stores for home consumption throughout nine Southern states. Market area now being expanded.



LIQUID LAUNDRY STARCH

A new item—just added to our consumer line. Packed in New Orleans, Louisiana. Now sold in test markets served by our Table Syrup sales organization.





The Quality Products of Anheuser-Busch . . . DRY YEASTS

CABINETS

LOW TEMPERATURE CABINETS

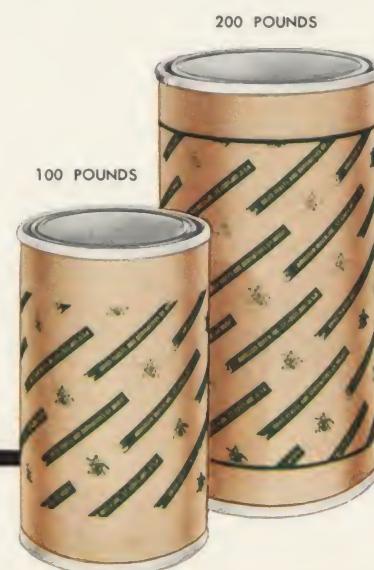
The automatic defrost cabinet above is one of the many models and sizes manufactured for storing and merchandising ice cream and frozen foods. The cabinets are used for display and convenient service to the customers of super markets, grocery stores, drug stores, and wherever ice cream and frozen foods are sold.

The first mechanically refrigerated cabinet was produced in 1930, and since that date the company has kept progress with improvements through research and development, with special attention being directed to the kinds of cabinets that fulfill the needs of today's modern merchandising requirements.

Since the completion of the reconversion and expansion program in 1947, sales of cabinets have more than doubled.

PHARMACEUTICAL YEAST

Dried yeast and derivatives are special yeast products sold to the pharmaceutical, food, and feed industries . . . first produced in 1928. Today we are foremost producer of dried non-fermentable yeast and yeast extractives in the country. Dried yeast is the richest natural source of B-complex vitamins and proteins. The company is continuously extending its research activity in this field in its laboratories, and through grants to schools and colleges.





PLANTS

ST. LOUIS, MISSOURI
NEWARK, NEW JERSEY
LOS ANGELES, CALIFORNIA
OLD BRIDGE, NEW JERSEY
NEW ORLEANS, LOUISIANA

GRAIN ELEVATOR

SPRINGFIELD, MISSOURI

BEER BRANCHES

BALTIMORE, MARYLAND
BUFFALO, NEW YORK
CHICAGO, ILLINOIS:
7200 Kimbark Avenue
2367 Logan Boulevard
CINCINNATI, OHIO
DENVER, COLORADO
DETROIT, MICHIGAN
KANSAS CITY, Mo.
LOS ANGELES, CALIFORNIA
NEW YORK CITY:
Bronx, Manhattan
and Brooklyn
NEWARK, NEW JERSEY
ST. JOSEPH, MISSOURI
ST. LOUIS, MISSOURI
ST. PAUL, MINNESOTA
SAN DIEGO, CALIFORNIA
SAN FRANCISCO, CALIFORNIA
SIOUX FALLS, S. D.
WASHINGTON, D. C.
WESTBURY, L. I., NEW YORK

LOS ANGELES



BEER SUBSIDIARIES

CAMBRIDGE, MASSACHUSETTS
HOUSTON, TEXAS

Anheuser-Busch INCORPORATED